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November 25, 2014

Mr. Steve Steele, President  
IBMC College  
3842 South Mason St.  
Fort Collins, CO 80525-3044

RE: **Expedited Final Program Review Determination Letter**  
OPE ID: 030063 00  
PRCN: 201440528792

Dear Mr. Steele:

From September 8, 2014 through September 12, 2014, Sheri Wild, Derita Hall and Marion Peak conducted a review of IBMC College's (IBMC's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The purpose of this Final Program Review Determination Letter is to close the program review.

The focus of the review was 90/10 compliance. The review consisted of an examination of IBMC's fiscal records as well as student files. The 90/10 Revenue Attestation was reviewed in accordance with 34 C.F.R. § 668.28 and Appendix C, Subpart B of part § 668.28.

A sample of 31 files was identified for review from the 2012-13 and 2013-14 (year to date) award years. These included 15 files selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year, plus 1 additional student file from the 2012-13 award year selected to ensure an appropriate number of verification students in the sample.

Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

**Protection of Personally Identifiable Information (PII):**

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. Appendix A was encrypted and sent separately to the institution via e-mail.

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning IBMC's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve IBMC of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

During the review, no significant findings were identified.

#### **DISCUSSION/RECOMMENDATION:**

The following are recommendations based upon observations made by the review team during the program review and discussed with institutional officials during the exit conference. IBMC is not required to provide a response to nor act upon these recommendations. However, the review team believes that adoption of these recommendations will assist the institution in its administration of Title IV, HEA program funds.

The review team observed that IBMC treats certain students who transfer between programs as disenrolled, administratively withdrawing and re-enrolling them. Technically, once a student is no longer continuously enrolled, his/her original authorization to hold Title IV credit balances beyond the 14-day regulatory limit is no longer in effect and a new credit balance authorization should be executed along with the student's new enrollment agreement. Although there were no violations of regulatory requirements among the review sample tested, the reviewers suggested that IBMC review and modify its policies and procedures with regard to program transfers to ensure that the regulatory requirements concerning Title IV credit balances are met.

The review team observed a number of Title IV disbursements to students who had withdrawn. These are known as inadvertent overpayments. Although inadvertent overpayments within the review sample tested were returned timely and no regulatory violations occurred, IBMC should be better able to avoid such occurrences. The reviewers recommended that IBMC adjust its disbursement practices and reduce unnecessary manual interventions in its automated processes in order to eliminate this problem.

The review team observed that, although there were no R2T4 violations within the review sample tested, required returns of funds consistently tended to be delayed nearly to the limit of the allowable regulatory time frame. The likelihood of delayed R2T4 increases when an institution must wait to see if a student returns for a subsequent module within a term before determining the student has withdrawn. However, some of the delays at IBMC appeared to be due as much to inefficiencies which might be improved, such as interventions by multiple officials in the R2T4 process, rather than solely being due to the module time lag. IBMC was encouraged to review its R2T4 procedures to improve efficiencies and reduce delays.

Although the 90/10 review determined that IBMC has satisfied the requirements of the 90/10 Rule, it was noted that the institution's percentage of revenue derived from Title IV funds was 88.7 percent for fiscal year 2013, with student non-Title IV revenue consisting primarily of

scholarships from the U.S. Department of Veterans Affairs. IBMC officials were reminded that IBMC's Title IV revenue percentage has been in the high 80's for several years; should it exceed 89 percent for two consecutive years, IBMC will lose its eligibility to participate in the Title IV, HEA programs. IBMC has added cosmetology programs which will include the sale of products and services to the public. The reviewers recommended that IBMC maximize the advantages presented by these non-Title IV revenue sources and closely monitor its Title IV revenue percentage on an ongoing basis.

**Record Retention:**

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(e).

We would like to express our appreciation for the courtesy and cooperation extended during the review. If you have any questions concerning this report, please call Sheri Wild at (312) 730-1539.

Sincerely,

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Douglas Parrott  
Division Director

Enclosure: Appendix A, Student Sample - **REDACTED**

cc: Mrs. Jackie Gresham, Director of Student Financial Services  
Mrs. Barbara Kearns, Regional Director of Regulatory Affairs & Compliance  
Accrediting Council for Independent Colleges & Schools  
Colorado State Department of Higher Education – Private Occupational Schools  
Department of Defense  
Department of Veterans Affairs  
Consumer Financial Protection Bureau

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**Appendix A: Student Sample**